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SMALL BUSINESS
MANAGEMENT REPORT



SMALL
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The Euro

LLOYDS TSB

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THE EURO

SMALL BUSINESS
MANAGEMENT REPORT

SMALL BUSINESS RESEARCH TRUST

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WEB VERSION: INTRODUCTION

The Lloyds Bank/TSB-sponsored series of small business management reports commenced in 1992, and concluded in 2009. In total, 53 reports were published over a period of 17 years.

Our target audience comprised the owner-managers of independent small businesses, typically employing fewer than 50, and based in mainland UK.

The series originated from a longitudinal study of small business management, undertaken by the Polytechnic of Central London (now University of Westminster), and culminating in: *The Management of Success in 'Growth Corridor' Small Firms*, (Stanworth, Purdy & Kirby, Small Business Research Trust, 1992).

THEMES

The themes were wide-ranging – including such as entrepreneurship, work & stress, employment strategies, and the environment – a full list is shown overleaf.

INSIGHT

In addition to asking questions and supplying the respondents with a range of answer options, the corresponding questionnaire was included as an appendix to each report so that readers would know exactly what questions had been put to respondents.

We also sought qualitative information – in the form of verbatim comments about the key theme – to help elaborate on whatever related challenges respondents felt they were facing at the time.

Finally, the findings are primarily intended to be indicative rather than definitive – partly due to the sample size, which is, on average, 111 for the 2003-09 reports.

PUBLISHING FORMAT

The reports were published in hard copy form, obtainable via subscription. Initially

by the Small Business Research Trust, and from 2003, by the Small Enterprise Research Team (SERTeam), both research charities based at the Open University.

Regrettably, SERTeam ceased operating in 2009, and so in 2010 the authors felt that the more recent reports would find wider interest if they were made freely available in Acrobat format via the Internet – especially with the UK economy set for a protracted journey out of recession, and with the government in turn refocusing on smaller businesses to aid the recovery.

It is worth mentioning that the series commenced as the UK economy emerged from the early 1990s recession.

In 2015, the earlier reports were also converted (1993 to 2003), with the full series made available at Kingston University: <http://business.kingston.ac.uk/sbrc>

SUPPORTING INFORMATION (WWW)

In later years – as the world-wide-web developed and an increasing number of sources of information became more readily available – suggestions for online sources of related material were included.

N.B. For reports 2003 onwards - where successfully validated, the web links (URLs) were enabled in 2009. And in the case of many invalid web links, an alternative was offered, but not where the organisation appeared defunct and an obvious replacement was not traced.

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University of Westminster**
<http://www.westminster.ac.uk/schools/business>

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Kingston University**
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- 4 Premises.....April 2002

2002 (Vol.10)

- 1 Networking in BusinessAugust 2002
- 2 The EuroDecember 2002

Lloyds TSB & Research Team
Small Business Management Report
ISSN 1478-7679

- 3 Crime Against Small Firms June 2003

Lloyds TSB & SERTeam
Small Enterprise Research Report
ISSN 1742-9773 No.2 (Vol.1) onwards

2003-04 (Vol.1)

- 1 Small Firms And PoliticsOctober 2003
- 2 Pensions February 2004
- 3 Work-Life Balance..... July 2004

2004-05 (Vol.2)

- 1 Education & EnterpriseOctober 2004
- 2 Made in Britain February 2005
- 3 Management & Gender Differences..... July 2005

2006 (Vol.3)

- 1 Local or Global ?.....January 2006
- 2 Managing IT May 2006
- 3 Networking in Business September 2006

2006-07 (Vol.4)

- 1 Owner-Manager Flexible Working..... December 2006
- 2 The Ageing Workforce..... April 2007
- 3 Travel & Transportation..... August 2007

2008-09 (Vol.5)

- 1 The London 2012 Olympic And Paralympic Games..... April 2008
- 2 Competition: Small Firms Under Pressure.....January 2009

WEB VERSION PUBLISHING

<http://business.kingston.ac.uk/sbrc>

Certain content needed to be re-set, e.g., the figures in the earlier editions, but the report body content is intended to be identical to that in the printed original. This web version - an Acrobat document - is derived from the original DTP text and will permit searching.

LIABILITY DISCLAIMER

The information and analysis in each report is offered in good faith. However, neither the publishers, the project sponsors, nor the authors, accept any liability for losses or damages which could arise for those who choose to act upon the information or analysis contained herein. Readers tracing web references are advised to ensure they are adequately protected against virus threats.

HIGHLIGHTS

This is the thirty-eighth in a series of small business management reports based on surveys of a panel of small firms, mainly in manufacturing, retail/distribution and business services. The focus of this survey was on **The Euro**. The principal findings were as follows:

- **Main arguments against adopting the Euro** – **'A significant loss of UK sovereignty'** headed the list (53%) followed by objections to a **'single base interest rate throughout the Euro zone'** (47%). Others were 'bad for UK employment' with 19% and 'increased competition from overseas' with 13%. Only 23% felt that there were no major arguments against Euro membership.
- **Main arguments against adopting the Euro by respondent age** – **Enthusiasm for the Euro dropped with increasing age of respondent** but this was at its most dramatic when comparing the 35-44 and 45-54 year-old age groups. The youngest group were rather less concerned about the Euro whereas the older group harboured strong reservations. A third of the youngest group (the '1960s kids') were worried about sovereignty and also about 'one-size-fits-all' interest rates. A slightly larger proportion of this group (37%) felt that there were no major arguments against. But for the older group of 'post-war baby-boomers' (aged 45-54), nearly twice as many were worried at the prospect of the Euro (62% on the sovereignty issue), whilst only 16% felt there were no major arguments against (compared with 37% for the younger 1960s kids).
- **Main arguments against adopting the Euro and sector variations** – Manufacturing respondents were the least worried about 'one-size fits all' interest rates and were more likely to feel that there were no arguments against entry, this is in contrast to the retail/distribution sector who were more inclined to take the opposite view.
- **Main arguments in favour of adopting the Euro** – The most frequently cited items related to **issues of simple administrative convenience**, e.g., the time saved on financial transactions and the reductions in exchange-rate risks. A **minority opted for more strategic factors** such as **'Strengthens the single market'** (37%), 'brings economic stability to the EU' (19%), 'encourages investment in the EU' (19%) and 'promotes sound economic policies' (10%).
- **Main arguments in favour of adopting the Euro and respondent age/firm size variations** – Younger respondent age groups, manufacturing sector respondents and those running firms in the 10-19 employee size band were the most enthusiastic on the strategic points.
- **Possible timing for the introduction of the Euro** – **Half of the sample (49%) expect the Euro to be introduced during the life of the next UK government**. Only 12% thought it would be sooner, 8% thought it would take longer and 16% thought we would never join the Euro.

continued ...

- **Possible timing for the introduction of the Euro and age variations** – For the 35-44 age band, 19% predicted Euro entry in the lifetime of the current government compared with only 3% amongst the 55-64 year olds. Only 4% of the younger group felt that we would never adopt the Euro compared with 20% amongst the older group.
- **Prior experience of the Euro** – Most of the sample (73%) had had **personal experience of the Euro as holiday makers** and just under half of that number via doing business as buyers or sellers of products and services. **Larger firm and manufacturing** respondents were the most likely to have used the Euro in a **business context**.
- **Attitudes towards the Euro in the light of prior experience** – **Respondents' views were largely unchanged by prior experience**. Sixty per cent claimed that the experience had had no effect whilst a further 28% were evenly split in terms of being either more strongly opposed or more strongly in favour of UK adoption. Older age-group cohorts were more likely to have been more strongly opposed as a result of actually encountering the Euro.
- **Main beneficiaries of Euro adoption by the UK** – **Larger businesses, tourism and manufacturers** were expected to benefit, according to 48-53% of respondents. **EU politicians ranked fourth** (45% of respondents), and UK politicians were selected by 19%. **Only 23% felt that small businesses were likely to be a major beneficiary**. However, manufacturing respondents were substantially more likely than their business services or retail/distribution counterparts to see small businesses as a beneficiary of Euro adoption.
- **Likely business cost if the Euro were to be adopted** – **Over half of the sample (53%) felt that it would cost their business less than £5,000**, with a further 23% indicating £5-10,000. One-in-ten didn't know, and 12% expected in excess of £10,000.
- **Likely business cost if the Euro were to be adopted and gender variations** – **Male-led businesses expected typically higher costs than their female counterparts**. This would appear to be at least partly explained by a tendency for male respondents to run larger businesses.

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ACKNOWLEDGEMENTS

The Small Business Research Trust wishes to thank all responding firms for their time and effort involved in participation in the production of this Management Report. The Trust acknowledges the help provided by David Purdy, The Open University, and The University of Westminster, in designing the survey, processing data and analysing the results.

The Small Business Research Trust is particularly pleased to acknowledge the generous support provided by Lloyds TSB in sponsoring the research, analysis and presentation of this report. However, it is important to note that any opinions expressed in this publication are not necessarily those of Lloyds TSB.

Report Author – Professor John Stanworth (University of Westminster)
Series Editor – David Purdy

Lloyds TSB

The Small Business Research Trust

MANAGEMENT ISSUES

The emphasis of our management reports is on monitoring the key management problems and practices of smaller business, with an emphasis on survival and success. Accordingly, each issue of the Lloyds TSB/Small Business Research Trust Management Report addresses one or more highly topical small business management issues. In this survey we focus on **The Euro**. The report is produced three times a year.

THE SAMPLE

This report is based on responses received from a panel of over 350 small businesses situated in the northern, midland and southern regions of Britain. Respondents are predominantly small firms with fewer than 50 employees, drawn mainly from the manufacturing, business services, and retail/distribution sectors of the economy. The precise distribution of firms varies from survey to survey, but typically over half of the participants employ fewer than 10 people.

RESULTS

The questionnaire completed by sample firms appears at the end of this report as an appendix. This survey was carried out during August-September 2002.

SMALL BUSINESS RESEARCH TRUST

The Small Business Research Trust (SBRT), founded in 1983, is an educational research charity, aiming to advance the education of the public in relation to small and medium-sized enterprises in the United Kingdom and Europe. Further details may be found at www.sbrt.co.uk

PAST SURVEYS

1993 (Vol.1)

- No.1 *Surviving The Recession***
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- 3 *Management Style***
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1997/8 (Vol.5)

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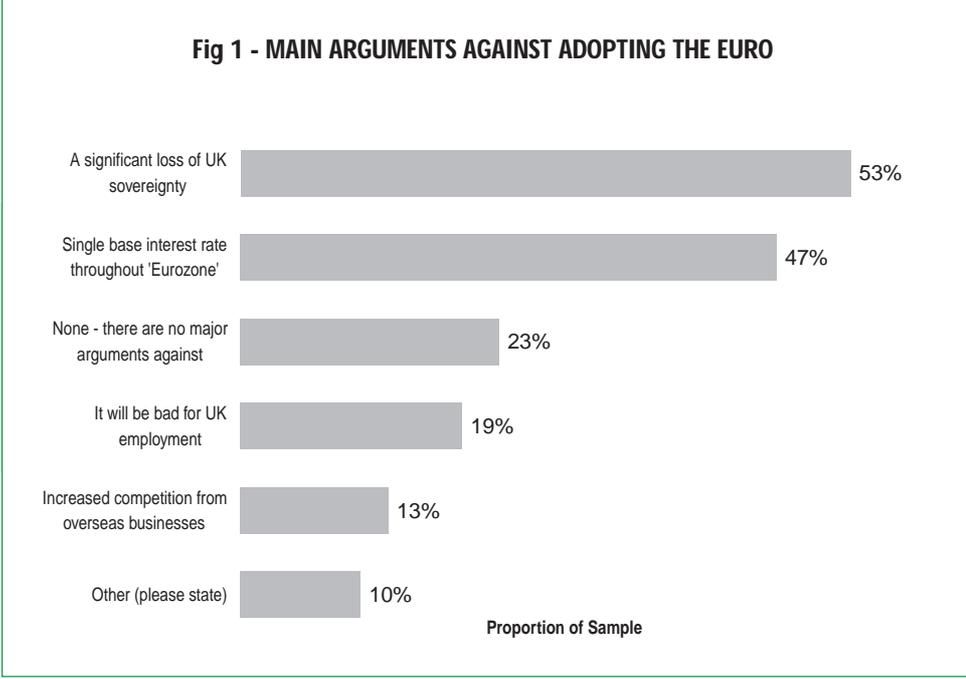
2001/02 (Vol.9)

- 1 *Marketing & Sales***
- 2 *The Human Side of Enterprise***
- 3 *Health Issues***
- 4 *Premises***

2002/03 (Vol.10)

- 1 *Networking in Business***

Some respondents were also concerned about the risk of subsequent inflation



THE EURO

The UK economy currently stands outside the Euro zone. The Government adopts a 'wait and see' approach whilst it is widely accepted that Tony Blair and Gordon Brown await a window of opportunity to win a referendum on the issue of entry. Our current survey suggests they might have to wait some time.

Main Arguments Against Adoption of the Euro

Figure 1 ranks the main arguments against the Euro as perceived by the respondents. 'A significant loss of sovereignty' headed the list (with 53%) followed by objections to a 'single rate of interest throughout the Euro zone' (47%). Other objections were 'bad for UK employment' (19%) and 'increased competition from overseas' (13%). Only 19% felt that there were no major arguments against Euro adoption.

Several respondents mentioned the risk of price rises in the 'Other' responses, and examples include:

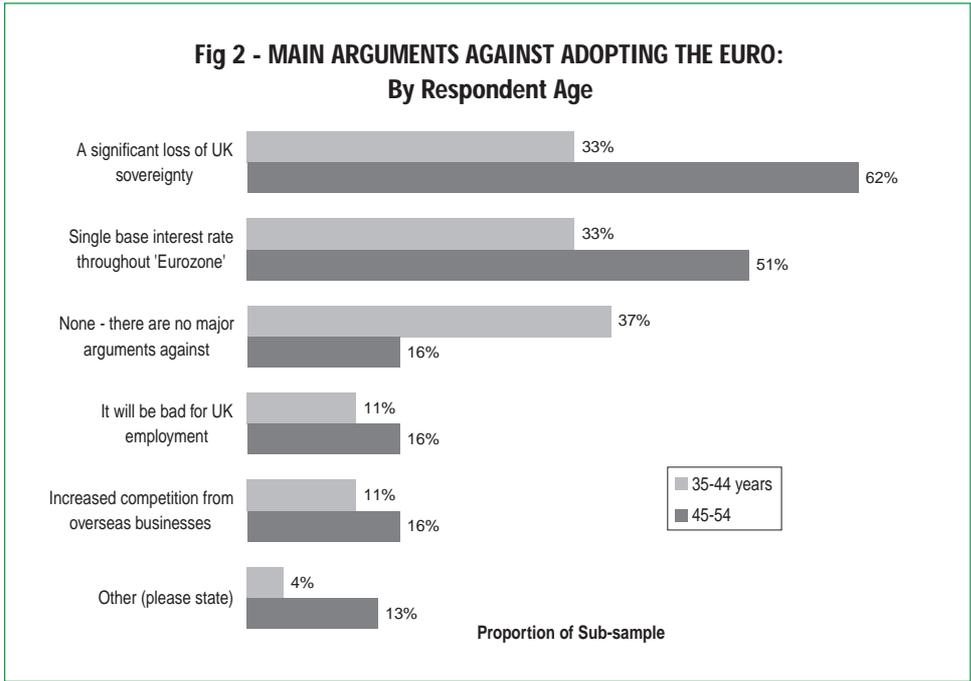
- Being dragged down by weaker economies

- Failure of the EU to keep accurate accounting records - no-one knows the true financial position of the EU
- Lost opportunity to make money out of currency exchange
- Poor control by the European Central Bank (3% borrowing rules likely to be flouted by Germany/France/Italy economies)
- Price increases, inflation, UK economy ruined, EU policies shambles
- UK and European economic cycles are different
- Who will monitor other countries' operation of the money supply ?

Interestingly, there were few gender differences or differences linked to size of firm. However, variations correlated with age of respondents and business sector.

Enthusiasm for the Euro dropped with the increasing age of respondent group, but this was at its most dramatic when comparing the 35-44 and 45-54 year-old age groups. Roughly speaking, these groups were post-war 'baby-boomers' vs. those born in the 1960s.

As **Figure 2** shows, a third of the youngest group (the '1960s kids') were worried about sovereignty and also about 'one-size-fits-all'

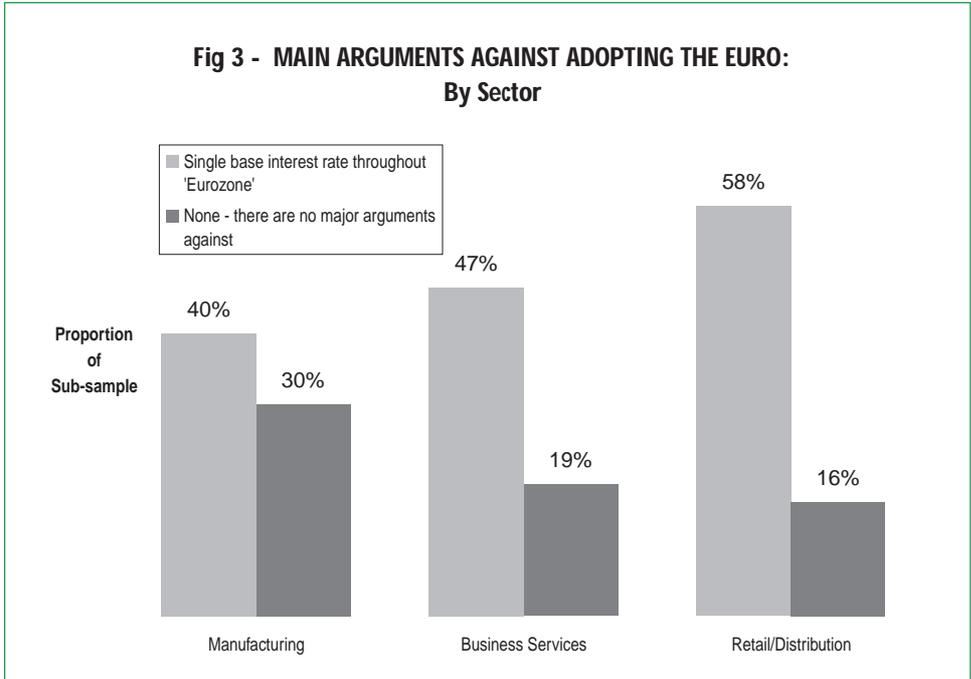


interest rates (33% each). A slightly larger proportion of this group (37%) felt that there were no major arguments against adoption. But for the older group of 'post-war baby-boomers' (aged 45-54), nearly twice as many were worried at the prospect of the Euro (62% on the sovereignty issue), whilst only 16% felt there were no major arguments against (compared with 37% for the younger '1960s kids').

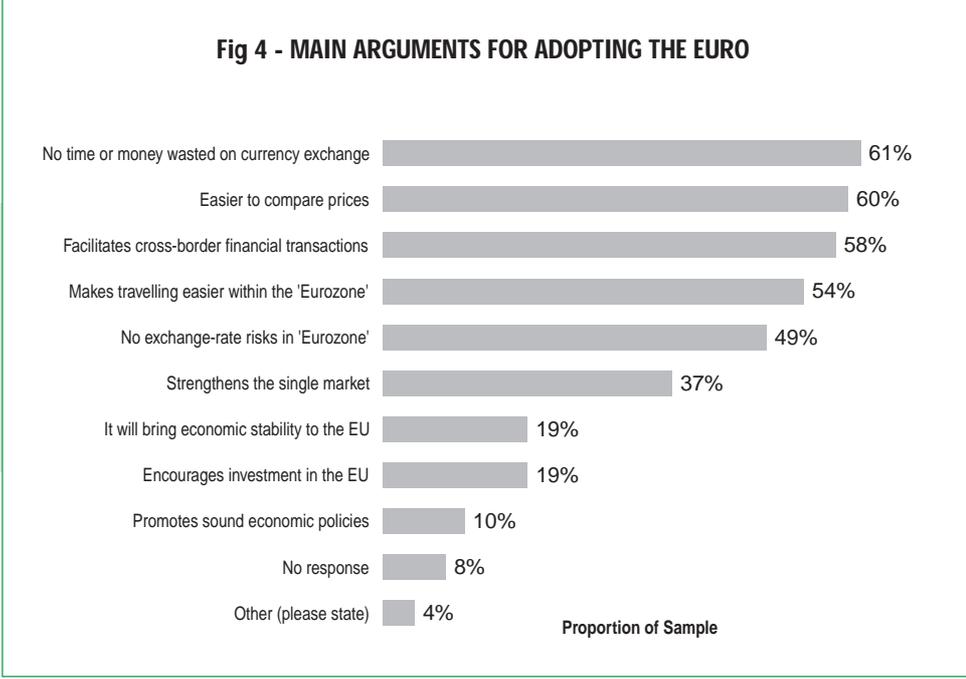
of baby-boomers born shortly after World War Two, nearly twice as many were worried at the prospect of the Euro (62% on the sovereignty issue) whilst only 16% felt there were no major arguments against (compared with 37% for the younger 1960s kids). Thus the youngest group were rather less concerned about adopting the Euro, whereas the older group harboured strong reservations.

Looking at the older sample (aged 45-54)

Figure 3 presents data on sectoral



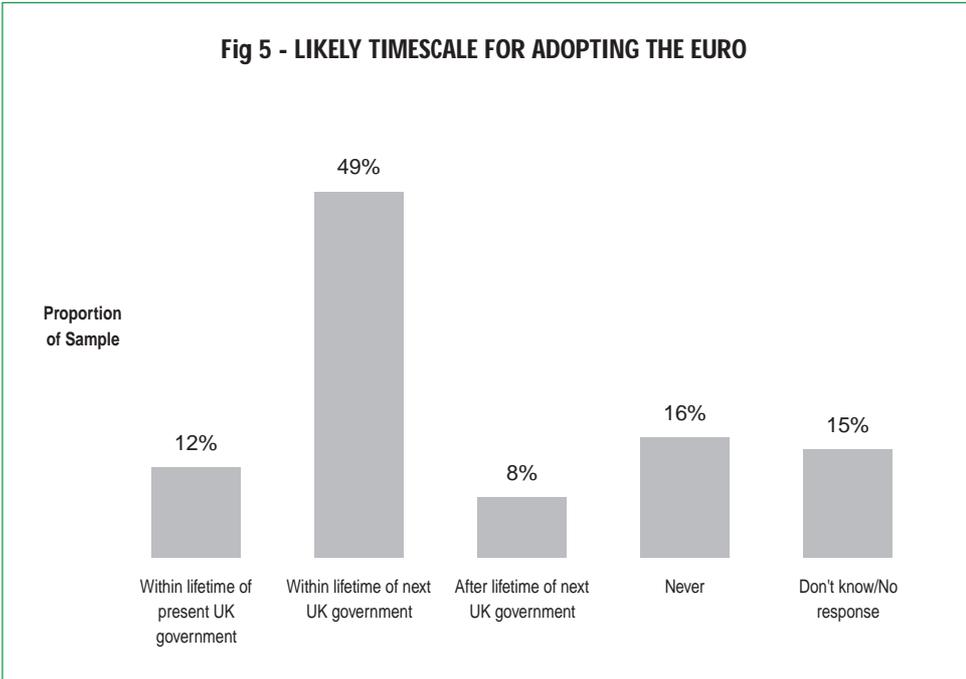
Administrative efficiencies ahead of strategic issues

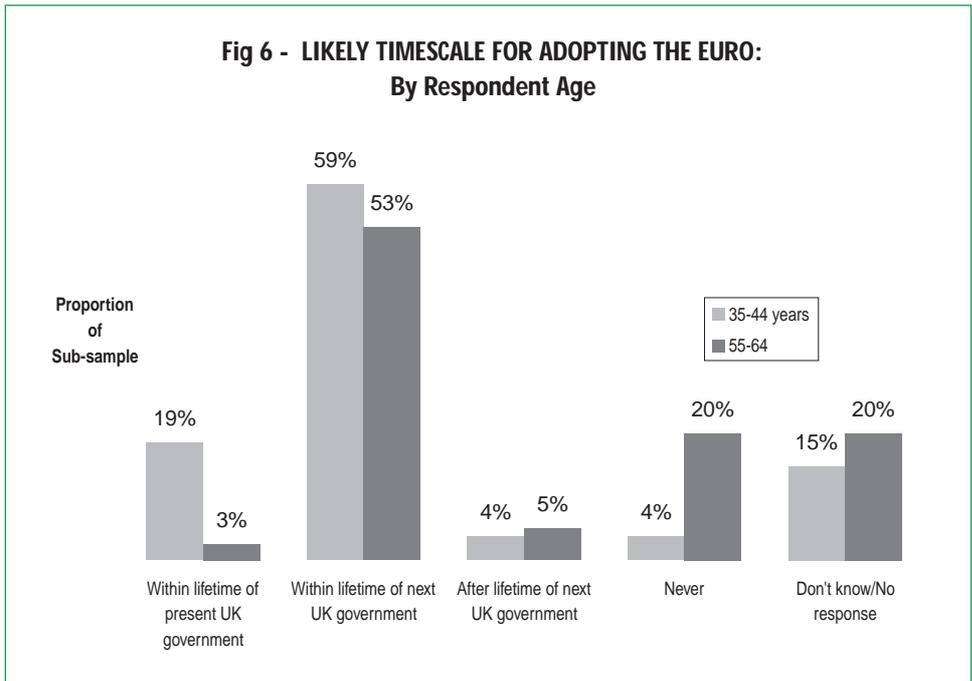


differences. Manufacturing respondents were the least worried about 'one-size-fits-all' base interest rates and were more likely to feel that there were no arguments against entry, this is in contrast to the retail/distribution sector who were more inclined to take the opposite view. The business services firms fell between on both counts.

Main Arguments In Favour of Adoption of the Euro

Figure 4 demonstrates the character of replies to the issue of the main arguments in favour of adoption of the Euro. The most frequently cited items related to issues of simple administrative convenience, e.g., time saved on financial transactions and the reductions in exchange-rate risks. A minority opted for more strategic factors such as 'Strengthens the single market'





(37%), 'brings economic stability to the EU' (19%), 'encourages investment in the EU' (19%) and 'promotes sound economic policies' (10%).

'Other' arguments in favour suggested by respondents included:

- Peace
- Will strengthen the position of the Euro against other major currencies
- Would significantly improve the fortunes of UK manufacturers

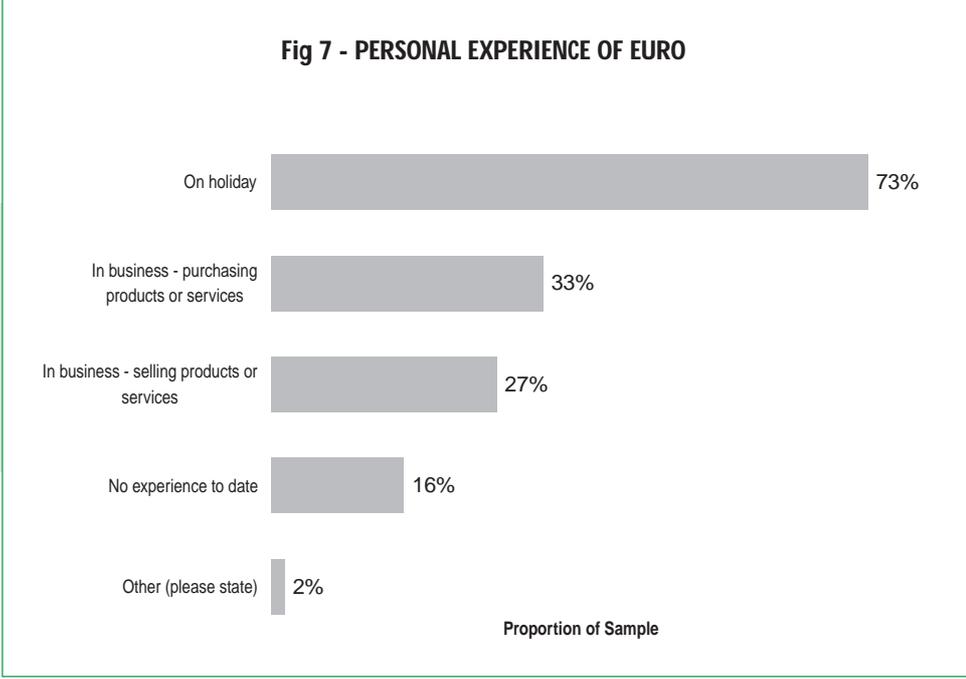
When considering variations in patterns of responses, younger age groups, manufacturing sector respondents, and those running firms in the 10-19 employee size band, were found to be the most enthusiastic on strategic aspects.

Timing of Euro Introduction

Figure 5 indicates that half of the sample (49%) expect the Euro to be introduced during the life of the next UK government. Only 12% thought it would be sooner, 8% thought it would take longer and 16% thought we would never join the Euro.

Figure 6 shows that for the 35-44 age band, 19% predicted Euro entry in the lifetime of the current government compared with only 3% amongst the 55-64 year olds. Only 4% of the younger group felt that we would never adopt the Euro compared with 20% amongst the older group.

A large majority of respondents have already encountered the Euro



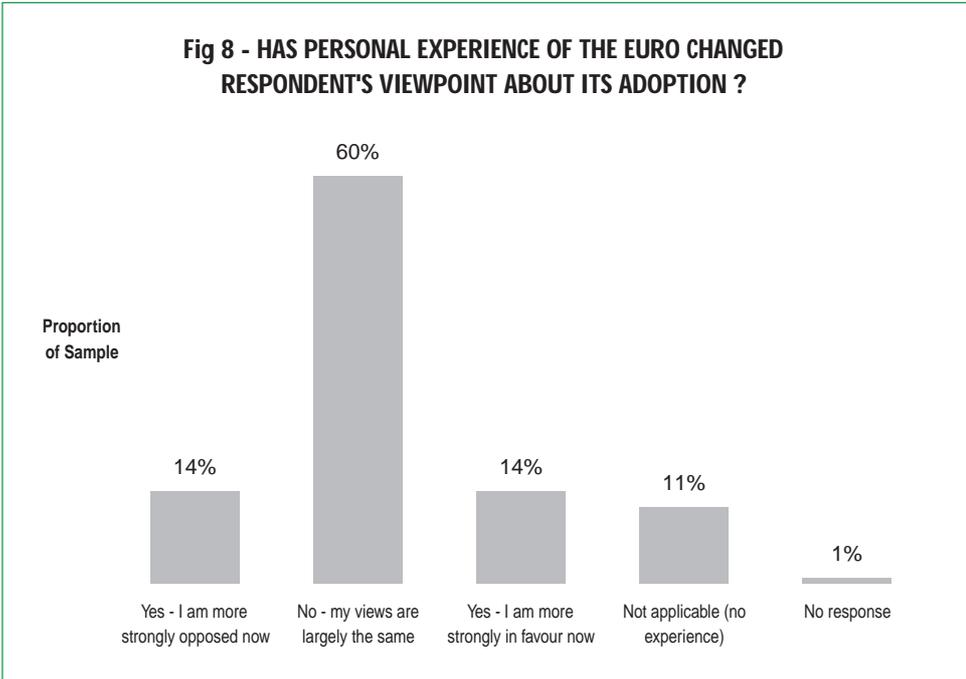
Personal Experience of the Euro

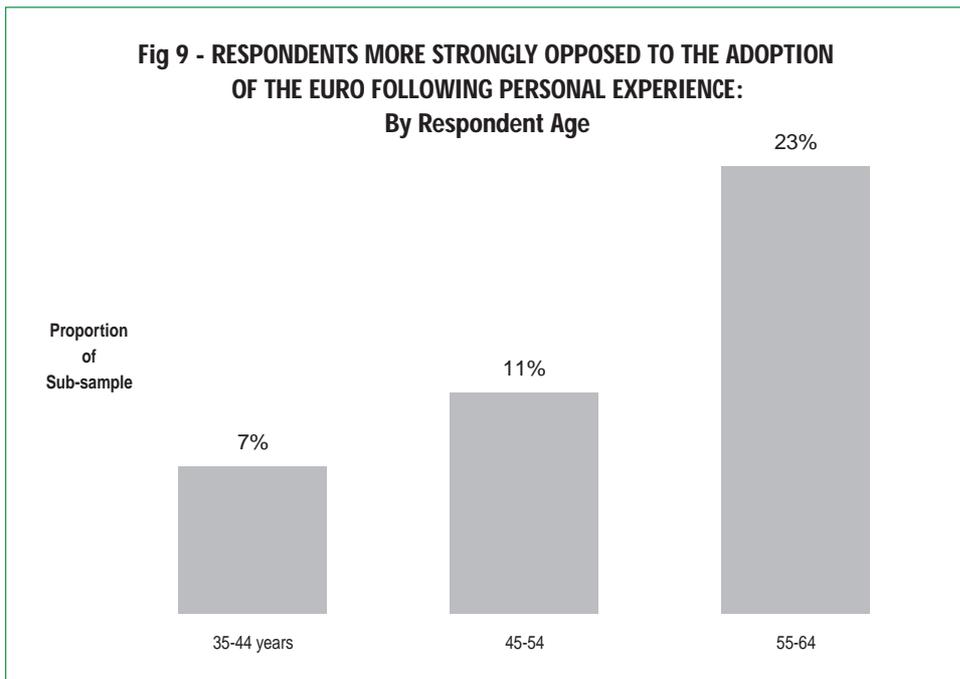
Most of the sample (73%) had had personal experience of the Euro as holiday makers, and just under half that number via doing business as buyers or sellers of products and services (Figure 7). Larger firm and manufacturing respondents were the most likely to have used the Euro in a business context.

'Other' instances offered by respondents were:

- Other business travel
- Employing French staff

Figure 8 shows that attitudes towards the Euro were unchanged by first-hand experience. Sixty percent claimed that the experience had had no effect on their views, whilst a further 28% were evenly split in terms of being either more strongly



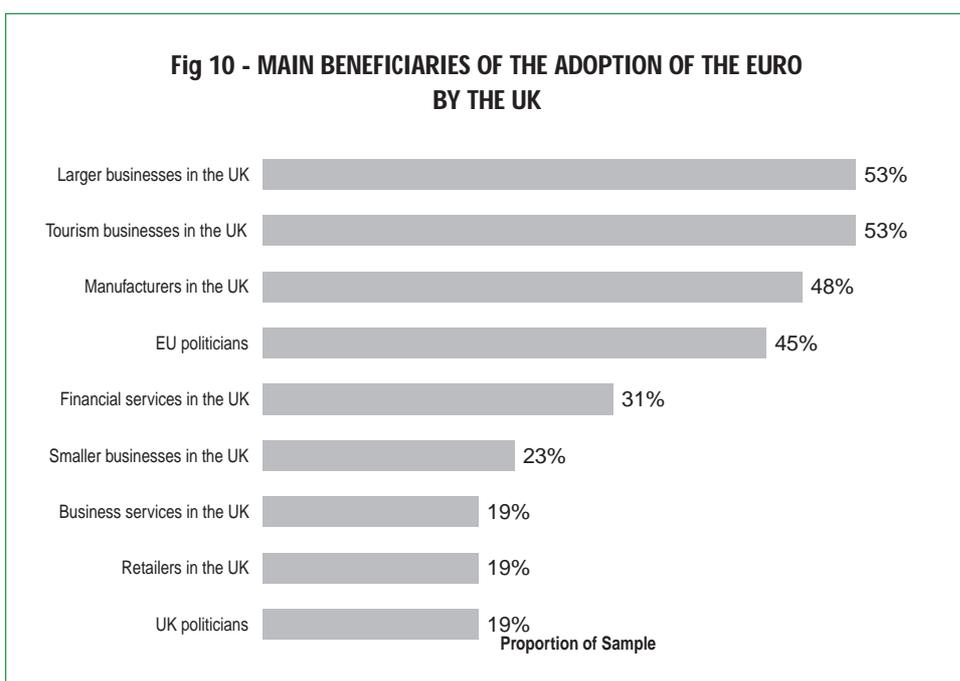


opposed or, alternatively, more strongly in favour, of UK adoption.

Figure 9 indicates that older age-group cohorts were more likely to be strongly opposed as a result of actually encountering the Euro.

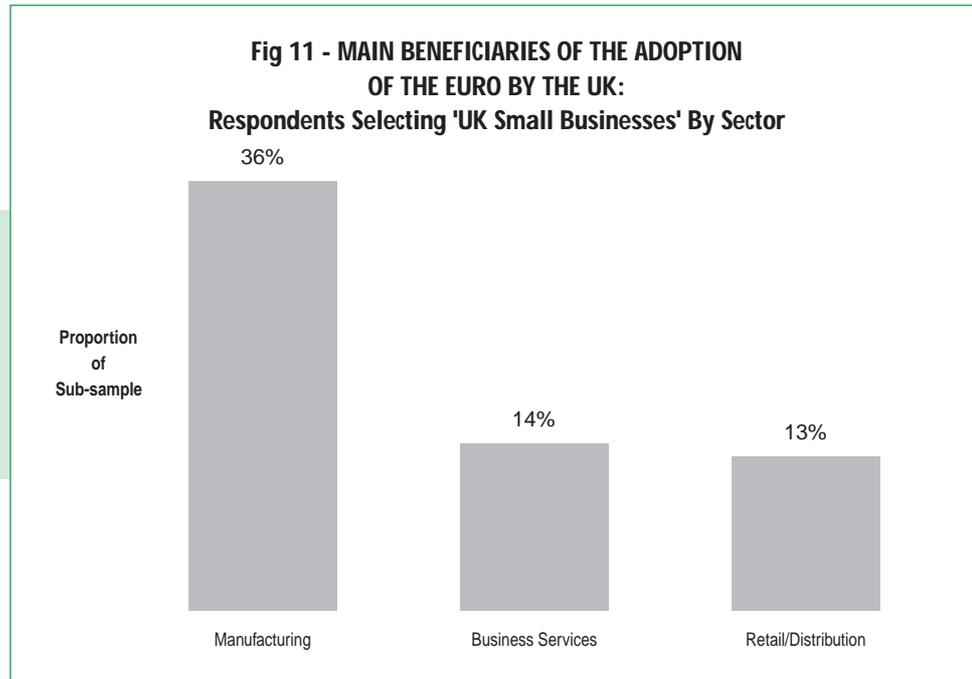
Main Beneficiaries of the Euro

Figure 10 lists the main beneficiaries of Euro adoption as perceived by the respondents. Larger businesses, tourism and manufacturers scored most highly, all with 48-53% of respondents picking them. Interestingly, EU politicians came fourth with 45% and, later, even UK politicians with 19%. Only 23% felt that small businesses were likely to be a major beneficiary.



Are SMEs - apart from those in tourism - less likely to benefit from the UK adopting the Euro ?

Manufacturing firms have a more optimistic view for SMEs as beneficiaries



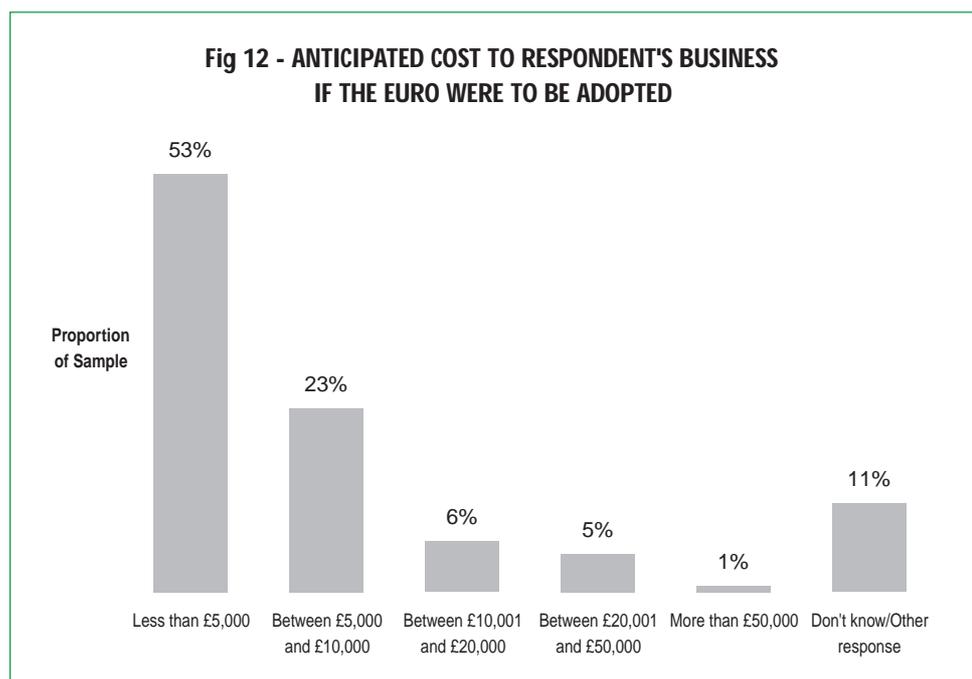
However, **Figure 11** shows that manufacturing respondents were rather more likely than their business services or retail/distribution counterparts to see small businesses as a beneficiary of possible Euro adoption.

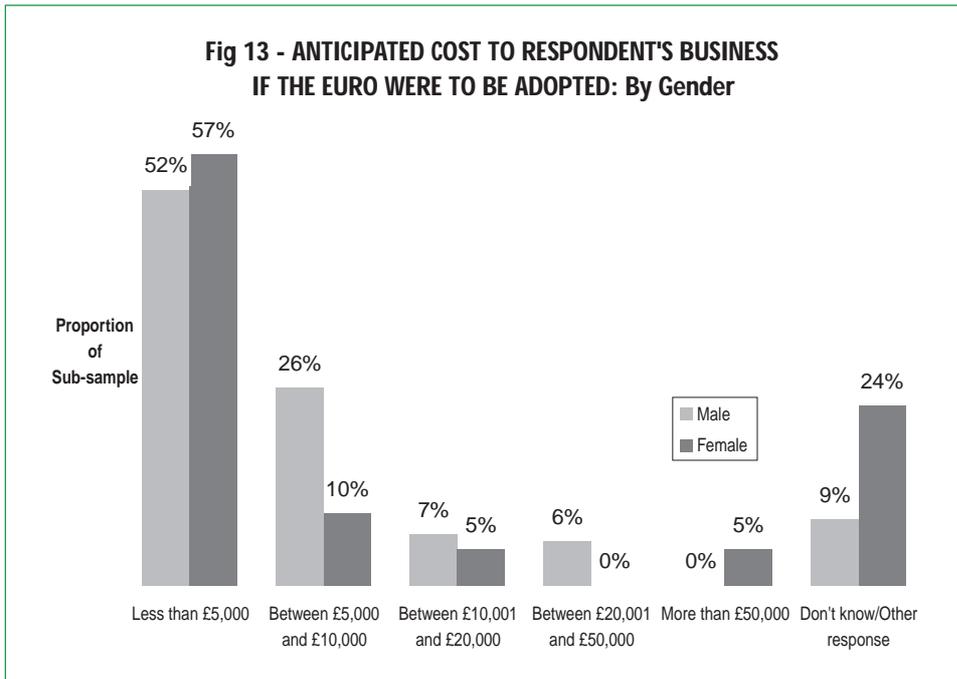
Costs of Euro Adoption

When asked to estimate the cost if the Euro were to be adopted, over half of the sample (53%) felt that it would cost their business

less than £5,000, with a further 23% indicating £5-10,000. One-in-ten were unable to say, and 12% expected in excess of £10,000 (**Figure 12**).

Figure 13 shows a gender division with male-led businesses claiming higher average adoption costs than their female counterparts. This would appear to be at least partly explained by a tendency for male respondents to run larger businesses. Forty-three percent of the female-run





businesses were located in the 0-4 employee size group, compared with only 20% of men. Conversely, 42% of male respondents' businesses employed 20 staff or more compared with just 5% of women.

Typical Comments from Respondents

Some of those against the Euro or at least harbouring strong reservations argued:

"There are no economic benefits. The EU economies are too diverse for a 'one-size-fits-all' policy."

"The proposed enlargement poses even greater threats to stability and harmony, exacerbating an already unsustainable vision."

"If a change to the Euro is handled as badly as the change to decimal currency, then the same hyper-inflation will occur."

"I do not trust several of the other nations to stick to agreements."

"Canada and the USA have a great trading relationship, but Canada has never proposed giving up its own currency."

"Politicians need to come out of 'cloud cuckoo land' and start living in the real world. If they had any foresight then it should be obvious that, in adopting the Euro, we would be signing away our ability to compete and handing over even more control to non-elected and idealistic bureaucrats."

"There would be advantages to joining if all economies were synchronised - they don't seem likely to be at present and, on historical form, it seems unlikely that the UK and others ever will be."

"Control over interest rates is, I believe, essential to the control of the UK economy. I do not think that this should be lost in order to introduce the Euro."

"Why have you not asked whether I am in favour or against (Euro entry). Your questions were slanted to produce a bias in favour. "

In contrast, others were strongly in favour, or at least could see some ultimate benefit:

"The adoption of the Euro will not impact on our sovereignty. This is a smoke screen from people who gain from currency exchange and 'Rip-off' Britain, such as car dealers."

"When Europe becomes united in politics and currency she will be hold more sway in world politics, and individual states will not be as vulnerable to pressures from non-Euro countries. It is important now to unite as China enters her 'industrial revolution'."

"If we don't join, we could find ourselves quite isolated in Europe."

"The position taken by the current Government is about right - wait and see."

"No really strong views as we already use the Euro along with the US dollar owing to the nature of our business."

"If social security rules were harmonised there would be less perceived problems with immigration."

"The potential damage that may be caused by a fixed exchange rate and the entry of Eastern European member states are not fully explained and appreciated. Weak economies should be prevented from EMU entry, at least until the Euro has proven itself in the longer term."

RESPONDENTS' COMMENTS

These commence in verbatim form on p.17

REFERENCES: THE EURO

The following references are offered as an aid to readers interested in seeking further information via the world-wide-web. The coverage is not intended to be definitive, and inclusion here should not imply either agreement or disagreement with the views expressed via these sources. Some web sites have appeared before, but there is usually a section noted with interests relevant to the theme of this report.

Special care should also be taken with material obtained from **outside** the UK, for example, the USA, where different legal issues may apply. N.B. Some pages may contain links to other WWW pages offering related material. Tip: The WWW links were functional at the time of going to print, but the world wide web is in a state of constant change. So if later problems arise with a link, edit the link back to the 'home page' – e.g., truncate <http://www.bized.ac.uk/fme/xyz.htm> back to <http://www.bized.ac.uk/> – and look for a similar topic heading there.

● BBC

'UK and the euro' an online resource (under the 'In depth' section on the home page), covering: the economics/business issues; where the parties stand; arguments for and against; the UK's 'economic tests'; news.bbc.co.uk

● The Bank of England and the Euro

The Bank of England has been publishing technical information on the euro since early-1996, through successive editions of *Practical Issues*. It provides information on the evolution of the euro financial markets in practice, including the contribution made by City market firms; details on the financial sector changeover to the euro in the 12 first-wave countries; and the technical financial sector preparations for potential UK entry to EMU. www.bankofengland.co.uk/euro

- **Britain in Europe**

Pro-Euro web site: "Launched by Tony Blair, Gordon Brown, Ken Clarke, Michael Heseltine and Charles Kennedy, we are campaigning for a strong Britain in a strong Europe and putting the case for the single currency." Offers briefings concerning the impact on households, jobs, businesses and the country. Sections include: 'What Europe does for Britain' (Benefits of EU membership, British jobs, Consumers, Foreign investment, Foreign trade, The environment, The fight against crime, Women, Workers rights, Youth); 'The effect of the euro' (British jobs, City of London, Costs of changeover, Currency volatility, Denmark, Foreign investment; Foreign trade, Ireland, Mortgages, One size fits all interest rate, Pensions, Prices, Small and medium-sized enterprises, Taxation); 'How does Europe work ?' (EU structural funds, European Union institutions, Norway, Qualified majority voting, The EU budget); Current European issues (Charter of Fundamental Rights, Defence, Enlargement, Nafta); 'Support in local UK areas'; 'The Euro Resource Centre' (Frequently asked questions about the euro, Glossary of euro terms, Services and information provided by banks, Tourists and the euro, Where to spend your euros); 'Anti-European myths'

www.britainineurope.org.uk

- **Businessseurope.com**

"Business Europe is a web-based service created solely for small to medium sized businesses (SMEs) in Europe. Put simply, we give them the support and advice they need to succeed and grow - to do business better. We provide a comprehensive service of original focused news analysis, expert advice, online forums, a business directory and a marketplace." Registration needed (free). A news-oriented service.

www.businessseurope.com

- **Confederation of British Industry (CBI)**

The CBI represents companies from all sectors of UK business: small and large, from manufacturing to retailing, agriculture to construction, hi-tech to finance, transport to consultancy. It has published a number statements and other documents on the Euro in connection with business interests, many of which are available online.

www.cbi.org.uk

- **Euro Info Centres**

Euro Info Centres (EICs) provide local access to a range of specialist information and advisory services to help companies develop their business in Europe. Publishes *Euro News* online, a newsletter of the UK Network of Euro Info Centres.

www.euro-info.org.uk

- **European Central Bank**

"The European System of Central Banks (ESCB) is composed of the European Central Bank (ECB) and the national central banks (NCBs) of all 15 EU Member States. The basic tasks to be carried out by the Eurosystem are: to define and implement the monetary policy of the euro area; to conduct foreign exchange operations; to hold and manage the official foreign reserves of the Member States; and to promote the smooth operation of payment systems." Numerous publications available online and in several languages, including Monthly Bulletins, Annual Report and Convergence Report; a Working Paper series and Public consultations. For example, "The Working Paper series seeks to disseminate the results of research conducted within the ECB to the broad academic and financial market communities."

www.ecb.int

- **European Investment Bank**

"The task of the European Investment Bank, the European Union's financing institution, is to contribute towards the integration, balanced development and economic and social cohesion of the Member Countries. To this end, it raises on the markets substantial volumes of funds which it directs on the most favourable terms towards financing capital projects according with the objectives of the Union." Offers publications online, such as Country fact sheets, Technical Studies, and Economic Reports.
eib.eu.int

- **HM Treasury Euro Resource**

"This site provides guidance on the euro for businesses with trading links with the euro area and also on euro cash for UK travellers." Extensive, sections include: 'Euro Cash' (Euro Banknotes, Security Features, Euro Coins, Key Euro Area Dates, Euro Conversion Rates); 'Business Impact' (Self Analysis, Using the euro - competing in Europe, Dealing with Euro - Leaflet, Factsheets, Case Studies, Cross-border payments in the EU, Euro Area Country Information, Regional Advice); 'Travellers' (Advice and links to other sites, Exchanging your Old Currency); 'Publications and Other Resources' (Surveys, Preparation Reports, Outline National Changeover Plans, Links to Other Sites); Download the Euro Symbol
www.euro.gov.uk

- **smallbusiness|europe**

"smallbusiness|europe's aim is to maximise the interests of UK small and medium sized enterprises (SMEs) at European level. smallbusiness|europe seeks to strengthen the dialogue between UK SMEs and decision-makers in Brussels, thereby collectively representing the interests of these small fish in a big pond." It is working closely with the organisations in the UK that are concerned with SME issues, namely: British Chambers of Commerce (BCC),

Confederation of British Industry (CBI), Forum of Private Business (FPB), Federation of Small Businesses (FSB) and Institute of Directors (IoD). Links to other relevant web sites, such as European Business & Innovation Centre Network and the European Small Business Alliance.
www.smallbusinesseurope.org

- **The no campaign**

"In September 2000, Business for Sterling and New Europe formed the no campaign - a non-party political campaign that represents the two-thirds of the British public and business that believes Britain should remain a member of the European Union and keep the pound. We are an alliance of economists, diplomats, parliamentarians, leading figures in the arts and media and many of the most successful entrepreneurs and business leaders in Britain. We are internationalists and come from all political backgrounds." Offers a range of material, such as 'The business case against the euro', 'Public services yes, euro no', 'The economic case against the euro' and 'The European Single Currency: A Bad Idea'.
www.no-euro.com

- **Trade Partners UK**

Trade Partners UK is part of British Trade International, the Government body with lead responsibility for fostering business competitiveness by helping UK firms secure overseas sales and investments, and for attracting high quality foreign direct investment to the UK. It offers "independent, impartial advice and support to existing exporters and those new to international trade." Sections online include: Sector and Market Reports, UK Suppliers Database, Sales Leads Free Online, Websites for Exporters, Export Success Newsfile, and Passport to Export Success.
www.tradepartners.gov.uk

MANUFACTURING

Custom Curtains Drapery; Soft Furnishings & Reupholstery	<i>"Rising prices - inflation."</i>
Designer & Mfr. of Helmets & Masks	<i>"The position took by the Labour Government is about right - wait and see."</i>
Environmental Machinery Manufacture	<i>"A single currency and interest rate will not benefit the UK public. Adopting it should be regarded as a treasonable crime."</i>
Kitchen & Furniture Manufacturers	<i>"If it ain't broke - why change it !"</i>
Kitchen and Bedroom Manufacturers	<i>"When Europe becomes united in policies and currency she will hold more sway in world politics, and individual states will not be as vulnerable to pressures from non-Euro countries. It is more important now to unite as China enters her 'industrial revolution'."</i>
Labelling For Cosmetics & Toiletry Industries	<i>"Transparent pricing may mean that small manufacturing is simply switched to the lowest cost area. Some countries will have to become specialists in particular market sectors."</i>
Manufacture Diving Suits	<i>"We have lost all of our European and Scandanavian business to other EU-based countries. Our exports to Europe 5 years ago represented 82% of our sales. We are now a much, much smaller business employing less than 2/3rds of staff 6+ years ago."</i>
Manufacturer of Heating Elements	<i>"I believe the opponents to the Euro are mainly those who benefit from currency exchange transactions and options on exchange rate fluctuations."</i>
Manufacturing	<i>"I feel we should all keep our own currency; if Germany for example goes into recession and we all use the Euro we will all go into recession."</i>
Pneumatic Connectors/Valves	<i>"The potential damage that may be caused by a fixed exchange rate and the entry of Eastern European member states are not fully explained and appreciated. Weak economies should be prevented from EMU entry at least until the Euro has proven itself in the longer term - potentially vs. US \$."</i>
Printers	<i>"Politicians need to come out of 'cloud cuckoo land' and start living in the real world. If they had any foresight then it should be obvious that in adopting the Euro we sign away our ability to compete and hand over even more control to non-elected and idealistic bureaucrats."</i>
Printing of Computer Forms	<i>"There are no economic benefits - artificial/ superficial arguments are promoted (e.g., pricing comparisons - please !). The EU economies are too diverse for a 'one size fits all' policy."</i>
Publishing. Trade and Leisure magazines	<i>"The decision is inevitable, the question is only 'when ?'."</i>

MANUFACTURING continued

- Sub-contract Engineering Machining & Light Fabrication** *"The economic angles are on different rhythms in the UK compared to the Eurozone. This and the loss of sovereignty far outweigh the benefits."*
- Toys/Educational Products** *"If sovereignty is an issue, why are British nationals so critical of the French and the Germans as surely they only represent an indistinct group of people."*

BUSINESS SERVICES

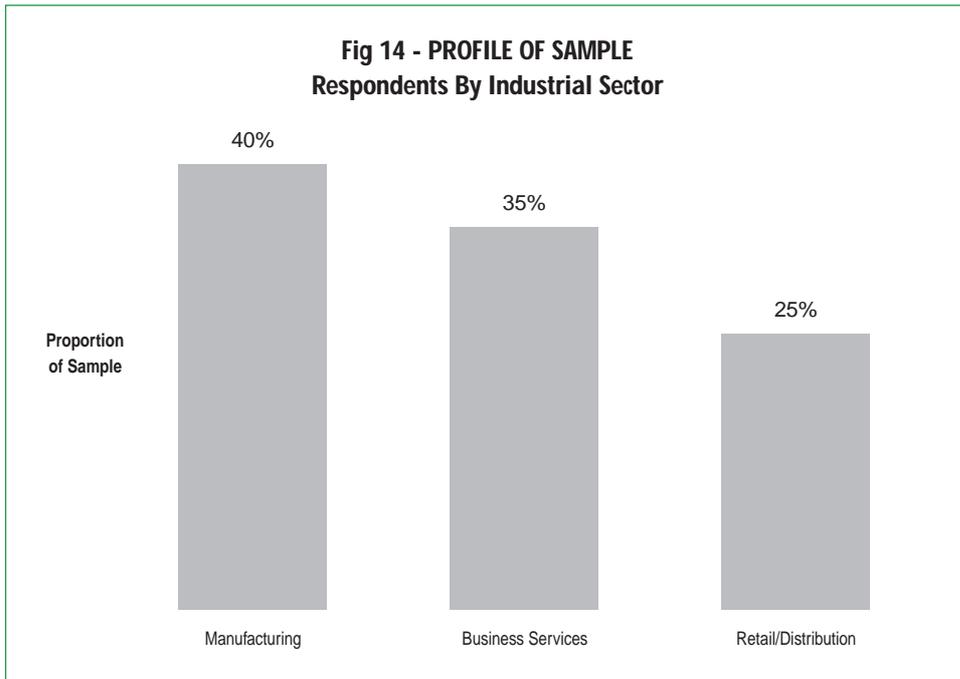
- Accountancy, Audit, Tax & Management Consultancy** *"I believe that the business community is prepared for the Euro to be introduced, but very much under-researched regarding business consequences of its introduction."*
- Architect** *"The enormous amount of cash needed for the change would save millions of lives now and in future in Africa."*
- Architects** *"The Euro is fine - BUT - having worked in France and employed 25 people for nearly 20 years, the problem is the rigidity of the French (Euro) employment system, where it is virtually impossible to make people redundant and very time-consuming. Employers and employee social charges are astronomical (NI contributions). If by creeping legislation the UK is forced to adopt these - it will be catastrophic for us."*
- Audit Accountancy and Taxation** *"I still await details of how the system will be 'policed' [regarding money supply in other countries]. I do not trust several of the other nations to stick to agreements. Who is to say they will not issue extra currency without our knowledge?"*
- Chartered Accountants** *"The UK will be disadvantaged from then by lack of control over its economy and cost inefficiency as a result of European bureaucracy. The UK needs to be agile on its feet to compete in a global economy. Loss of sovereignty will surely follow the adoption of the Euro. Do we really want to be governed by a corrupt bureaucracy?"*
- Chartered Civil Engineer** *"There would be advantages in joining if all economies were synchronised - they don't seem to be at present and, on historical form, it seems unlikely that the UK and others ever will be."*
- Computer Software For Exporters** *"Why have you not asked whether I am in favour or against? These questions are slanted to produce a bias in favour! ..."*

BUSINESS SERVICES continued

Food Technology & Quality Consultant	<i>"The Euro brings us nearer a federal state of Europe, and my experience (business) [is] that the UK government accepts or is coerced into applying models which are not helping the UK economy."</i>
International Freight Forwarding Services	<i>"No really strong views as we already use the Euro along with the US dollar owing to the international nature of our business."</i>
Legal and Debt Recovery Services	<i>"Why do we insist on losing/throwing away all that we have worked so hard for !"</i>
Management Consultancy	<i>"I don't feel as though I have a full grasp of the issues. I think in the long term we need to be in - but when the price is right. It is interesting to note that the Bureaux de Change is fading out in Europe - because they no longer need them and they're only there for the Brits. If we don't join we could find ourselves quite isolated in Europe."</i>
Public Relations	<i>"Some countries are not accepting some of the [Euro] coins of other countries - what a great start to the issue of harmonisation."</i>
Public Relations & Marketing Support Consultancy	<i>"There are so many questions that could have been asked on this subject/answer options that I am suspicious of its objectivity. Until Europe is fully democratic and undertakes the major reforms that are necessary we should have nothing further to do with it. Europe and the Euro needs us far more than we need it."</i>
Recruitment - Contract & Permanent	<i>"The adoption of a single currency will not impact on sovereignty. This is a smoke screen for people who gain from currency exchange and 'Rip-off' Britain, e.g., car dealers."</i>
Textile Marketing	<i>"The disparities in the financial status and culture of each member state is such that the concept of being able to unite them fiscally is naive in the extreme and a typical politician's pipe-dream. The proposed enlargement poses even greater threats to stability and harmony, exacerbating an already unsustainable vision."</i>

RETAIL AND DISTRIBUTION

Computer System Reseller	<i>"[It] Will help increase harmonisation in many areas. If social security rules were harmonised there would be less perceived problems with immigration."</i>
Domestic Furnishings & Lighting	<i>"If a change to the Euro is handled as badly as the change to decimal currency then the same hyper-inflation will occur with dire consequences."</i>
Hardware and Pet Store	<i>"Loss of sovereignty and independence means loss of control. We have little enough at present. Politics and economics affect us all but we affect *them* less and less. We must retain some control over our own destiny, however minimal that may be. Euro ? I'll walk !"</i>
Health Foods and Herbal Remedies	<i>"Canada and the USA have a great trading relationship, but Canada has never proposed giving up the Canada \$ for the US \$."</i>
Importers of Machinery	<i>"[There has been] No detailed informed public debate."</i>
Importing of Speciality Foods	<i>"The Euro, per se, is an excellent idea and concept. Regretably, it will (or has already) become a political football which the European political class will want to drag/push towards their own political ends. As a world currency, to compete with \$, I don't think so. The Europeans just don't understand free market economics !!"</i>
Retail House Furnishers	<i>"[There will be] Significant price rises in cost of small consumer goods. As happened on decimalisation, etc."</i>
Retail Of Ladies Fashion & Homewear	<i>"Control of interest rates is I believe essential to the control of UK economy. I do not think that this should be lost in order to introduce Euro."</i>
Specialised Accessory Equipment to Process Industries	<i>"It is still too early to tell if present Euro members have the political will to adapt their economies to suit [the] single currency in the long term. This is [the] main argument against joining - although I was in favour of adopting I am less convinced at [the] present time."</i>
Specialist Suppliers of Computer Systems to the Security Industry	<i>"The fact of giving up an independent interest rate is the most important reason to stay out of the Euro."</i>
Tank Container Haulage	<i>"[I am] Totally opposed, price rises (inflation in Euro now), currency locked with other countries. So as the UK has loads of work and stable economy we would be foolish to be linked with poorer high inflation Euro countries (only a politician's whim). No advantage in Europe at all. We have all bad things (corruption, legislation, stupid laws)."</i>
Tool Plant & Equipment Hire, Sales & Repair Service	<i>"Known fact Euro has put all prices up - Euro is not right as one size fits all. All our colleagues in Europe are not equal/work the same hours/have same views. It will be the downfall of the UK."</i>



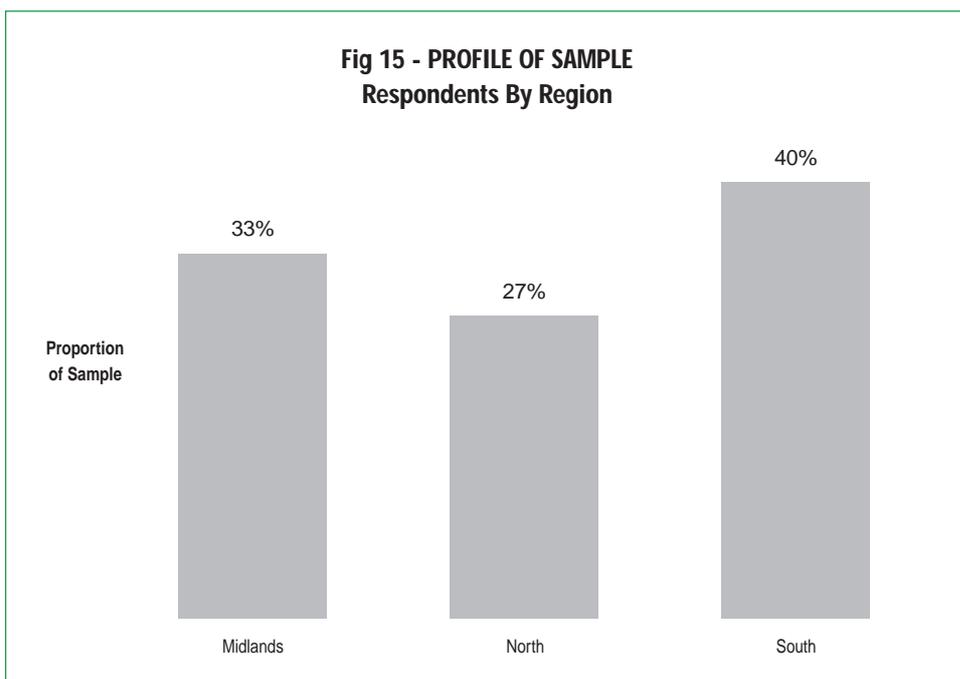
APPENDIX 1 - ADDITIONAL INFORMATION

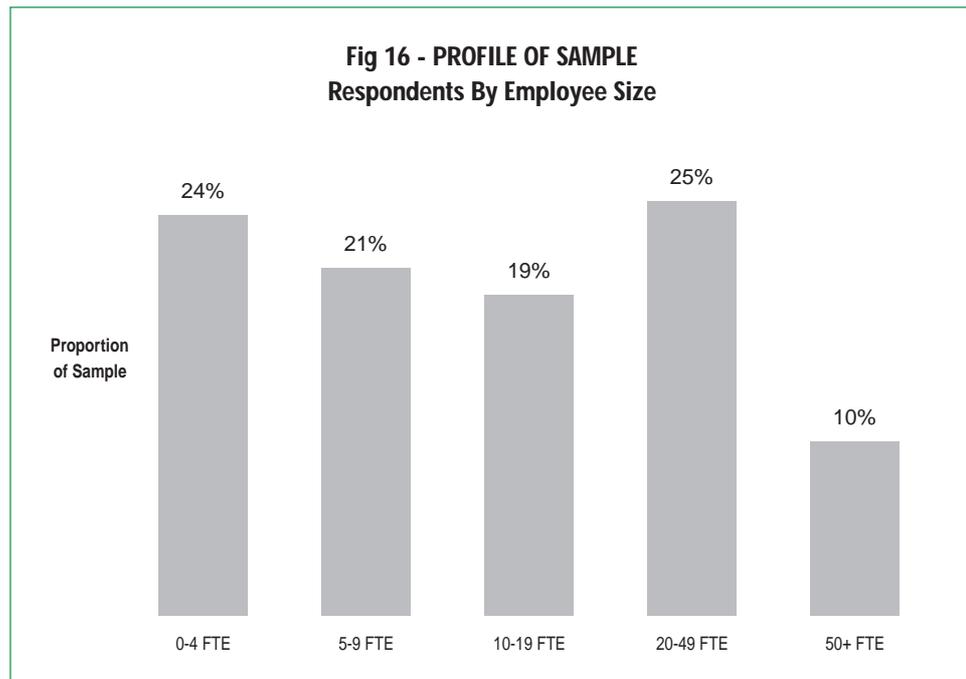
As an aid to the interpretation of the various figures (histograms), we have included some further information about the firms responding to this survey.

The analyses involve key variables, and **industry sector** and **employee size** are those most frequently used as they are reasonably reliable indicators and less

prone to misinterpretation. Other variables have also included **region**, **sales growth**, **respondent age** and **sex**.

Industrial sectors – based on the descriptions supplied by respondents, each firm is coded according to the Standard Industrial Classification (SIC 1980). Firms are then grouped into manufacturing, business services, retail/distribution. From 1996 onwards, firms falling outside these 3 bands – previously classified as ‘other’ –





are now allocated to the foregoing sector which offers the closest match.

Regions - firms are also classified according to their physical location, namely, North, Midlands and the South.

Employee size - finally, firms are placed in bands according to the number of employees. Each part-time employee is assumed to be equivalent to 40 per cent of a full-time employee ('FTE' = full-time equivalent). All of the surveys to date have received only a small number of responses from firms with 50 or more FTE employees. These responses have been **included** in the breakdowns for the **sectoral** and **regional** analyses, but have been **excluded** as a '50+FTE' band in the **employee-size** analyses (the 'All' band in each histogram includes all usable responses regardless). This is because a percentage breakdown band based on just two or three firms may not be representative of this size of business.

Figure axes/scales (histograms) - each figure uses a linear scale, with reference to a common zero axis, e.g. running horizontally across the bottom of each column, as in the figure above.

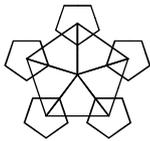
Distribution of firms

The highest proportion of respondents is in manufacturing (40%, as with the previous survey, see **Figure 14**). Previously, the samples have contained the largest proportion of firms in business services, but the composition has shifted slightly due to the introduction of additional respondents to the sample late 1998, and again, mid-1999.

In this survey, the Southern region has the largest representation, with 40% of the sample's respondents (previously it was 41%, see also **Figure 15**).

Historically, the manufacturing and business services firms in the samples have tended to be larger, in terms of employees, whereas the firms in retailing/distribution have had fewer full-time equivalent employees. Likewise, the sample has been biased towards the smaller businesses, but since 1999 there has been an increase in the 20-49 FTE firms (**Figure 16**).

As on previous occasions, the sample is predominantly male (83%).



This questionnaire will take approximately 5-10 minutes to complete – most answers require only a single tick. All information received will be treated in complete confidence. PLEASE DESPATCH AS SOON AS POSSIBLE.

MANAGEMENT ISSUE: The Euro

1 a) Please indicate the number of people working in your business (including yourself):

Full-time : _____ A
Part-time (16 hours/wk or less)..... : _____ B

b) Your age last birthday:

16-24 years..... A
25-34..... B
35-44..... C
45-54..... D
55-64..... E
65 or over..... F

c) Your gender:

Male M
Female..... F

2 Main arguments against – Which of the following do you feel represent the strongest arguments against adoption of the Euro by the UK ?

✓ Against all which apply

Single base interest rate throughout the 'Eurozone' A
A significant loss of UK sovereignty..... B
Increased competition from overseas businesses.. C
It will be bad for UK employment D
None - there are no major arguments against..... E
Other (please state): _____ F

3 Main arguments for – Which of the following do you feel represent the strongest arguments for adoption of the Euro by the UK ?

✓ Against all which apply

It will bring economic stability to the EU..... A
No exchange-rate risks in 'Eurozone' B
Promotes sound economic policies C
Strengthens the single market D
Encourages investment in the EU E
Facilitates cross-border financial transactions..... F
Makes travelling easier within the 'Eurozone' G
No time or money wasted on currency exchange... H
Easier to compare prices I
Other (please state): _____ J

4 **Timing of the Euro introduction – What do you think the likely timescale would be for the UK in adopting the Euro currency:** *Just ONE ✓ only*

Within the lifetime of the present UK government .. A
 Within the lifetime of the next UK government..... B
 After the lifetime of the next UK government..... C
 Never D
 Don't know E

5 **Personal experience of the Euro – Please indicate where you have already had some direct experience of handling the new Euro currency:** *✓ Against all which apply*

On holiday..... A
 In business - purchasing products or services..... B
 In business - selling products or services C
 No experience to date..... D
 Other (please state): _____ E

6 **Possible change of viewpoint – Has your personal experience with the Euro changed your viewpoint about its introduction in the UK ?** *Just ONE ✓ only*

Yes - I am more strongly opposed to it now A
 No - my views are largely the same..... B
 Yes - I am more strongly in favour of it now C
 Not applicable (no experience)..... D

7 **Main beneficiaries of the Euro – Which of the following groups do you feel would have the most to gain by the UK’s adoption of it:** *✓ Against all which apply*

Smaller businesses in the UK..... A
 Larger businesses in the UK..... B
 Manufacturers in the UK C
 Business services in the UK D
 Retailers in the UK..... E
 Financial services in the UK F
 Tourism businesses in the UK..... G
 UK politicians H
 EU politicians I

8 **Costs – If the Euro was adopted by the UK, what do you feel would be the total cost to your firm ? (in changes to IT systems, administration, cash tills, &c.)** *Just ONE ✓ only*

Less than £5,000 A
 Between £5,000 and £10,000..... B
 Between £10,001 and £20,000..... C
 Between £20,001 and £50,000..... D
 More than £50,000..... E
 Don't know F

9 **‘The Euro’ – If you have any strong views, especially if you feel that any aspect is not fully appreciated by important sections of the business community (such as the government help agencies or the financial services sector), then please comment:**



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